

COMMITTEE ON LEGISLATIVE RESEARCH  
 OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0879-01  
Bill No.: HB 214  
Subject: Retirement—State; Retirement Systems & Benefits—General  
Type: Original  
Date: February 6, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Various State Funds	\$0	(\$183,864)	(\$183,864)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>(\$183,864)</b>	<b>(\$183,864)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 4 pages.

**FISCAL ANALYSIS**

## ASSUMPTION

The **Joint Committee on Public Employee Retirement** indicates that this legislation does not represent a “substantial proposed change” in future plan benefits as defined in Section 105.660(5), and, as such, an actuarial cost statement is not required.

The **Office of Administration (OA)** notes that the Missouri State Employees Retirement System will determine any possible cost through an actuarial report in the rate it certifies to OA.

Officials with the **State Highway Employees and Patrol Retirement System (HRS)** assume 16 employees covered under their system would be eligible for retirement before age 50 as a result of the legislation. HRS determines that any fiscal impact as a result of the proposal would be negligible.

The **Missouri State Employees Retirement System (MOSERS)** assumes the proposal will lower the minimum age for retirement under the “rule of 80” from age 50 to age 48. MOSERS obtained an actuarial valuation for this proposal. According to the valuation, an annual increase in contributions of \$183,864 will be required to fund the benefit.

Officials from the **Missouri Consolidated Health Care Plan** assume the proposal would have no fiscal impact on their plan.

Officials with the **Departments of Agriculture, Elementary & Secondary Education, Revenue, Health, Social Services, Conservation, Corrections, Natural Resources, Insurance, Mental Health, Transportation, and Public Safety** assume the proposal would have minimal or no fiscal impact on their agencies.

The **Department of Economic Development** states it cannot determine the possible fiscal impact due to this legislation, as it is uncertain how many of its employees would qualify for retirement before age 50. **Oversight** assumes any fiscal impact on the Department would be minimal.

The **Department of Labor and Industrial Relations (DOLIR)** notes that it has five employees between the ages of 48 and 50 with 30 to 32 years of service. DOLIR assumes that the proposal could cost the department \$25,926 in pay and fringe benefits if these employees retired and used their remaining annual leave. **Oversight** assumes these costs would eventually be offset by hiring employees at lower starting salaries, and has not included these costs for the purposes of this fiscal note.

### FISCAL IMPACT - State Government

FY 2002  
(10 Mo.)

FY 2003

FY 2004

Costs—MOSERS

MF:LR:OD (12/00)

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
Increased Contributions	<u>\$0</u>	<u>(\$183,864)</u>	<u>(\$183,864)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This bill lowers the normal retirement eligibility age from 50 to 48 under the "rule of 80" for the Missouri Employees' Retirement System, both the existing plan and the Year 2000 Plan.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement  
Office of Administration  
Missouri State Employees Retirement System  
State Highway Employees and Patrol Retirement System  
Missouri Consolidated Health Care Plan  
Department of Agriculture  
Department of Elementary & Secondary Education  
Department of Revenue  
Department of Health  
Department of Social Services  
Department of Conservation  
Department of Insurance  
Department of Mental Health  
Department of Transportation  
Department of Public Safety  
Department of Economic Development  
Department of Labor and Industrial Relations  
Department of Corrections  
Department of Natural Resources



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